

VZCZCXRO5377
PP RUEHLMC
DE RUEHGE #0514/02 1431908
ZNR UUUUU ZZH ZDK
P 231908Z MAY 07
FM AMEMBASSY GEORGETOWN
TO RUEHC/SECSTATE WASHDC PRIORITY 5282
INFO RUEHLMC/MILLENNIUM CHALLENGE COP PRIORITY

UNCLAS SECTION 02 OF 02 GEORGETON 000514

SIPDIS

SENSITIVE
SIPDIS

E.O. 12958: N/A
TAGS: [ECON](#) [EFIN](#) [PGOV](#) [ETRD](#) [GY](#)
SUBJECT: VAT TX BRINGS IN THE MONEY FOR GUYANA

* Missing Section 001 *

GEORGETOWN 05230514 002.2 OF 002

MONETARY FUND ARNED AGAINST LOWERING THE TAX RATE OR ADDING
MOE ZERO-RATED ITEMS TO THE EXISTING EXEMPTIONS.

16. COMMENT: AS A CANDIDATE FOR MILLENNIUM CHALLENGE
ACCOUNT (MCA) FUNDING, GUYANA HAS REPEATEDLY FAILED FISCAL
POLICY OBJECTIVES. WITH THE INSTITUTION OF THE VAT, GUYANA
HAS WIDENED THE TAX BASE AND INCREASED REVENUES FOR THE
GOVERNMENT, PROMOTING A MORE TRANSPARENT SYSTEM OF REVENUE
COLLECTION. THIS COULD PUSH GUYANA INTO THE RANKS OF HAVING
AN APPROVED MCA THRESHOLD PLAN, OPENING UP SOME \$6.7 MILLION
OF ADDITIONAL DEVELOPMENT FUNDING TO ADDRESS FISCAL ISSUES
SUCH AS THE VAT.

ROBINSON